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Subject: Disputes on Credit Cards

September 17, 2004

To Whom It May Concern:

I am writing to share my concerns about the credit report dispute process.

I have been working with consumers as a credit educator for the past fifteen years and am the author of The Ultimate Credit Handbook, along with several websites and numerous articles related to credit and credit reports. I also serve as the "credit expert" for an online financial service called EverydayWealth and answer subscribers' questions about credit. I do not engage in credit repair.

However, consumers frequently contact me when they are having trouble understanding or disputing items on their credit reports. They are often frustrated, and have already exhausted the usual channels for trying to resolve their disputes. The problems I frequently hear about from consumers fall into the following categories.

Lack of complete account information:

Several major credit card issuers don't report account limits for competitive reasons. The credit limit is important information about an account, however, and it used to calculate a "utilization" rate on a credit score. I have been told that without a credit limit, the "highest credit used" will be substituted. Because this figure may be much lower than the credit limit, it can make it appear that a consumer is utilizing a high percentage of their so-called "available credit" which in turn can hurt the credit score.

Lack of complete contact information:

Some furnishers don't provide contact information so the consumer can dispute mistakes directly with those providers. This is especially true in the case of collection agencies, or where legal judgments or liens are being reported under the name of a court district that is described with a series of codes, rather than a specific name the consumer can identify. However I have also seen credit card accounts listed with no contact information, or have been told by consumers that the contact information was outdated and their correspondence to the furnisher was returned unopened.

This is very problematic in two respects. First, if the consumer is disputing an account that doesn't belong to him (or in the case of a collection agency, that he believes is false), he or she may have no other way to locate or reach this furnisher since there has been no previous contact. Also, in light of the recent Fair and Accurate Credit Transactions Act, consumers may not want to dispute an account first with the credit reporting agency, since the furnisher may then refuse to investigate a second time. For

that reason alone, contact information MUST be detailed and accurate so consumers can exercise their right to dispute it directly with the furnisher.

Collection agencies

As cofounder of the website StopDebtCollectorsCold.com, I receive many emails from consumers who are experiencing problems or disputes with collection agencies. In fact, this is probably the to category of complaints I receive related to the credit report dispute process.

It has been my experience that collection agencies frequently do not accurately report the original date the account became delinquent, which is critical in determining how long those accounts remain on the credit report. They also do not list an account as "in dispute," when a consumer disputes it. Finally, some simply do not respond to the dispute within the required 30-day time period.

Since collection accounts significantly impact a credit score it is very important that contact information for them be accurate and up to date, and that these agencies promptly respond to disputes.

Summary

Finally, the greatest problem I see related to the dispute process and furnishers is that some furnishers are using credit reports as a form of "economic blackmail" - pay up or we'll ruin your credit. I have seen this time and again from cell phone providers, medical providers, collection agencies and other furnishers, even in cases where these bills are years old or where it is just plain wrong. Given the importance of credit reports and scores on an individuals' and families' financial health, we must do a better job protecting our citizens from inaccurate information.

Thank you for your consideration.

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